FSC-66-A	4/15/97

SUBJECT: Trade Marketing Issues

(1) Direct Account Exception Order Guidelines
(2) First Half 1997 Wholesale Partners Program Category 1 - 3¢ Payment (Jan/Feb/Mar)

DISTRIBUTION:

X	AVP	X	KAM	___	DM
X	RSM	X	AM	___	RM
X	RBM	X	AE	___	Sales Rep
X	ROM			___	Retail Rep

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➧ *Direct Account Exception Order Guidelines*

RJR and our Direct Buying Customers continue to strive for optimum inventory levels to maximize returns on inventory investment. From time to time, this may increase the risk of out-of-stocks when unusual demands are made on normal purchase patterns. The following situations can contribute to possible out-of-stock conditions:

- Special pre-booking programs
- Private Label Accrual Programs
- Retail Accrual Programs (Full Price)
- Special Buydown Programs
- Temporary increase in business
- Permanent increases in business

Listed below are clarifications of exception order guidelines and rationale on when to use each method to avoid out-of-stock situations while minimizing the financial impact to RJR.

Promotion Order #900

- Used only to support specific brand promotional needs created by RJR Field Sales (e.g., product needed for premium assembly, retail accrual, etc.).
- Will not change account's future allocation of brand styles.
- No extra dating.
- Cannot be used in connection with Forsyth Tobacco Products.

Promotion Order #950

- Used only for extra product needed for assembly with premium items and/or "Buy Some Get Some Free" promotions carrying a six-digit program number that require live product to be matched up with Winston-Salem pre-wrapped product or promotions (e.g., B1G1F's that will be converted to B2G1F's in the field, assembly of two packs product with premium, etc.).
- Eligible for 14 days additional dating, with final approval made by the customer's credit representative in Winston-Salem.
- Under no circumstances should Promotion 950 be used to order any other RJR promotion program. Our national programs, for the most part, already carry extra dating and are generally sold through quickly by direct accounts (e.g., BSGSF, new brand introductions, etc.).
- 950 orders will not change the account's future allocation of brand styles.
- 950 orders to be utilized as an **extreme exception** since it adds to costs via the additional dating.
- Cannot be used in connection with Forsyth Tobacco Products.

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Source: https://www.industrydocuments.ucsf.edu/docs/gmbn0000

One-Time Exception Order

- Account needs product exceeding their weekly allocation due to temporary increase of normal business.
- No promotion order designation required.
- Exception orders will not change account's future allocation of brand styles.

Permanent Allocation Adjustment

- Account consistently needs product exceeding their weekly allocation due to sustained increase in business, i.e., new retail accounts, shifts of competition, etc.
- This will immediately change the account's allocation of brand styles.

Allocation adjustments can be made by contacting either Luann Hamby (extension # 3521) or Donna Smitherman (extension #3078).

Product Purchase Exception Form (copy attached)

- Should be used to communicate product needs for any activity you are planning to execute with your respective accounts that will require 10 cases or more of extra product for a respective brand style.
- Absolute numbers are not required. Estimate requirements to ensure ample product is available at public warehouse.
- These will not initiate shipments: normal product ordering procedures are required to initiate actual shipments.
- **We cannot meet your needs against chain commitments unless you take the extra few minutes required to complete and FAX this form.**

Program Contacts: Julie Knabb, extension #7754
See Product Purchase Exception Form for contacts

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Source: https://www.industrydocuments.ucsf.edu/docs/gmbn0000

PRODUCT PURCHASE EXCEPTIONS (Extra product needed to support a promotion not scheduled in the Work Plan)

Today's Date | | **(Submit form at least 4 weeks prior to promotion)**

Who we can contact if we have questions

RJR Contact Name	
RJR Contact Phone	

Is this a Chain, Wholesaler, or Division wide promotion?

Chain Name	
Chain ID	
or Wholesaler Name	
Wholesaler Account #	
or Division # (if Division wide)	

Describe the promotion, with specific value if known (Example: buy-down, accrual dollars, special pre-booking, etc.):

Promotion Timing

Promotion Start Date	
Promotion End Date	

How will Retailer purchase from Wholesale supplier? (Check one)

once at beginning of promotion	
spread evenly over whole period	
other (specify in Comments section below)	

Where will the promotion occur (specific Wholesaler, specific Warehouse, or Division wide), for which brand styles, and what is the **total extra volume by style needed for the entire activity period** (in cases or % increase expected):

Individual Wholesaler SIS # or RJR Division # (if Division wide)	[redacted]				
Public Warehouse # (if known)	[redacted]				
Brand Style Names **(PRINT LEGIBLY)**	**UPC**	Total Volume cases or % increase	Total Volume cases or % increase	Total Volume cases or % increase	Total Volume cases or % increase

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Comments/Special Instructions:

FAX this form to Promotions Area: 910-741-2156 Direct questions to: 910-741-3521 or 3078.

Source: https://www.industrydocuments.ucsf.edu/docs/gmbn0000

➡ *First Half 1997 Wholesale Partners Program Category 1 - 3¢ Payment (Jan/Feb/Mar)*

Automatic Payment Approval:

The Automatic Payment Approval process is in effect for the Category 1 - 3¢ volume payment for 1st Quarter, 1997. Under this process, Accounts that are not considered "Exception" Accounts or New Accounts will be "automatically" approved in the Partners Tracking System **April 21, 1997**.

This procedure reduces the administrative time required by Field Sales to approve Partners payments.

Direct Accounts will qualify for Automatic Payment Approval if:

- A minimum of 10 weeks of data is passed to the Partners Tracking System.
- The reported volume does not exceed the 105% tolerance allowance for purchases during current quarter (January/February/March) or previous quarter (October/November/December).
- The Account was approved for final payment during the previous program period (July - December 1996).
- The Account is not involved in an unresolved audit situation.

Manual Payment Approval:

Direct Accounts that do *not* meet the criteria for automatic payment will require Field Sales Managers to determine if payment should be made (this includes all NEW Plan A participants). These Accounts can be identified through the **(T36)** Report Function in the Partners Tracking System beginning **April 22, 1997**.

If it is determined an Account should be approved for payment and the payment has not been automatically approved, the Account must be manually approved for payment through the **(T35)** Account Maintenance Function in the Partners Tracking System during the week beginning Monday, **April 28, 1997 - May 2, 1997**.

Accounts not approved for payment by May 2, 1997 *will not be paid*. The ROU should confirm that all Accounts not automatically approved for payment are reviewed and approved, as applicable, by the May 2, 1997 deadline. An Account's approval status can be tracked using the **(T36)** Report Function referred to above.

General Payment Information:

To be considered for first quarter 3¢ volume payment (13 week period between December 29 - March 30), an Account must have submitted a minimum of 10 weeks of valid data to MSA by April 2, 1997. Data resolutions, including resubmission's for First Quarter must have been completed by April 11, 1997.

Program participants approved for the 3¢ volume payment will receive payments around **May 16, 1997**.

Program Contacts: Kathryn Noxon, extension #2559
Julie Knabb, extension #7754

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